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Hearing Date: December 20, 2007
Response Date: December 13, 2007

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:	:	Chapter 11
	:	
DELPHI CORPORATION, et al.,	:	Case No. 05-44481 (RDD)
	:	(Jointly Administered)
Debtor.	:	

**RESPONSE AND OBJECTION OF QUAKER CHEMICAL CORPORATION TO
DEBTORS' TWENTY-THIRD OMNIBUS CLAIMS OBJECTION**

Quaker Chemical Corporation ("Quaker Chemical") by and through it undersigned counsel, hereby objects to the relief sought by the Debtors in their Twenty-Third Omnibus Claims Objection, and respectfully states as follows:

BACKGROUND

1. On October 8 and 14, 2005 (the "Petition Dates"), the Debtors filed voluntary petitions in this Court for reorganization relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as then amended (the "Bankruptcy Code").

2. Prior to the Petition Dates, Quaker Chemical had, and continues to, supply the Debtors with essential goods and services.

3. Specifically, Quaker analyzes, tests and manages certain of the manufacturing systems and engineering functions at six of the Debtor's manufacturing facilities, and in

addition, Quaker supplies and/or arranges for the ordering and delivery of chemical products to these same six manufacturing facilities.

4. Quaker Chemical's services and goods are, and continue to be, essential to the Debtors in order to ensure the continued operation of the Debtor's manufacturing facilities.

5. On August 2, 2006, Quaker Chemical filed a timely proof of claim number 10257 in the amount of \$819,654.23 (the "Quaker Proof of Claim") for unpaid amounts claimed by Quaker Chemical for the delivery and consumption of chemical products to the Debtors' manufacturing facilities.

6. Sometime after filing the Quaker Proof of Claim, Quaker Chemical was contacted by representatives and/or employees of the Debtors, Bruce Sheardown and Thomas Soyars, in an attempt to reconcile the amounts claimed by Quaker Chemical in the Quaker Proof of Claim.

7. After months of exchanging information and attempting to reconcile hundreds of invoices, in early 2007 the Debtors' representatives and Quaker Chemical agreed Quaker Chemical had provided substantiation for all amounts claimed in the Quaker Proof of Claim with the exception of \$19,850.46 that could not be substantiated through the documents available to Quaker Chemical.

8. As such, Quaker Chemical and the Debtors agreed that the Quaker Proof of Claim would be modified down to \$799,803.77, and various electronic mail exchanges were made between the Debtors' representatives and Quaker Chemical with respect to this agreement. The Debtors subsequently included this agreed modification of the Quaker Proof of Claim as part of their Thirteenth Omnibus Claims Objection.

9. Quaker Chemical did not object to the relief sought in the Thirteenth Omnibus Claims Objection and the Quaker Proof of Claim was modified pursuant to the agreement between the Debtors' and Quaker Chemical and to an Order of this Court on June 29, 2007.

THE TWENTY-THIRD OMNIBUS CLAIMS OBJECTION

10. In their Twenty-Third Omnibus Claims Objection, the Debtors now seek to further reduce the Quaker Proof of Claim down to \$762,473.00 (the "Proposed Proof of Claim Amount").

11. Quaker Chemical has been advised that the purported reason for this additional modification is because of a letter agreement between the Debtors and Quaker Chemical executed in connection with payments made to Quaker Chemical pursuant the Human Capital Obligation Order entered by this Court early in the bankruptcy cases.

QUAKER CHEMICAL'S RESPONSE

12. Quaker Chemical objects to the relief sought in the Twenty-Third Omnibus Claims Objection because it seeks to "unwind" an agreement between the Debtors and Quaker Chemical with respect to the actual amounts due and owing to Quaker Chemical and unpaid as of the Petition Dates.

13. In addition, the subsequent agreement between the Debtors and Quaker Chemical with respect to the Quaker Proof of Claim acts as a novation to any agreement made between Quaker Chemical and the Debtors in connection with the Human Capital Obligation Order. See In re Worldcom, Inc. et al., 2007 U.S. Dist. LEXIS 51147 (S.D.N.Y. 2007).

14. In the alternative, should the Court not be willing to deny the request sought by the Debtors in the Twenty-Third Omnibus Claims Objection, Quaker Chemical asserts that it

should be granted an allowed claim for all purposes in the bankruptcy cases in the Proposed Proof of Claim Amount.

WHEREFORE, Quaker Chemical respectfully requests that the relief sought by the Debtors with respect to Quaker Chemical and claim number 10257 in the Twenty-Third Omnibus Claims Objection be denied or, in the alternative, an order be entered by the Court granting Quaker Chemical an allowed claim in the bankruptcy cases in the Proposed Proof of Claim Amount, and for such other and further relief as this Court deems just and necessary.

Dated: December 12, 2007

Respectfully submitted,

/s/ David B. Aaronson
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	:	(Jointly Administered)
Debtor.	:	
_____	:	

CERTIFICATE OF SERVICE

I hereby certify that on the date set forth below I caused a copy of **Quaker Chemical's Response and Objection to the Debtors' Twenty Third Omnibus Claims Objection** to be served upon the following persons via either electronic mail or overnight mail:

Delphi Corporation
Attn: General Counsel
5725 Delphi Drive
Troy, Michigan 48098

Skadden, Arps, Slate, Meagher & Flom LLP
Attn: John Wm. Butler
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Suite 2100
Chicago, Illinois 60606

Office of the United States Trustee
33 Whitehall Street
21st Floor
NY, NY 10004

Dated: December 12, 2007

/s/ David B. Aaronson
David B. Aaronson